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NEA/ELA
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TAGS: [ECON](#) [EINV](#) [ETTC](#) [PGOV](#) [SY](#) [SANC](#)
SUBJECT: DARDARI ANNOUNCES SARG'S RECOMMITMENT TO ECONOMIC

REFORM

REF: DAMASCUS 150

Classified By: CDA Stephen Seche for reasons 1.5 b/d

¶1. (U) As the key-note speaker at the launching of a new economic NGO on April 29, Deputy Prime Minister for Economic Affairs, Abdullah Dardari, announced the SARG,s intention to move forward soon on new economic reforms, including: reducing subsidies, reforming the public sector, and reforming monetary policy, to include floating the Syrian Pound (SYP). Dardari also promised quick parliamentary action on his much-touted tenth five-year plan, which would be the basis for reform and establishing a market economy. (Note. The SARG,s tenth five-year plan has not progressed since it was sent to Parliament four months ago. End note.) Though Dardari has made all of the same pronouncements at one time or another only to be later publicly contradicted by the Prime Minister or others, this was the first time he presented the complete set of reforms at one time and promised imminent action.

¶2. (C) As presented, Dardari,s comments imply a shift in economic policy from President Asad,s oft-repeated line that the regime would slowly implement economic reforms, as security was the regime's first priority given the level of international pressure on the country. A number of our contacts present at the speech, including diehard critics of the regime, came up to us afterwards to comment on the significance of Dardari,s comments and how they represented a SARG recommitment to move forward with new economic reform, from their perspective. Still, the speech was in no way foreshadowed as significant and the state-controlled press,s coverage of Dardari,s comments has been modest, in no way implying a policy change.

¶3. (C) Last week, Hashem Akkad, business partner and intimate of President Asad,s brother-in-law Asif Shawkat, told us that the regime had made a recent decision to move forward with significant economic reforms in an effort to split the international community and to rally the business community,s support. Akkad has long been deeply critical of the regime and its commitment or ability to reform itself in any meaningful way (reftel), but when we saw him last week he seemed convinced that the regime was going to soon implement economic reforms that would have a significant positive

impact on the country,s business climate.

14. (C) Comment. The mood of the business community in Syria has been improving steadily this year, which has been mostly attributable to the SARG,s successful intervention in defense of its currency and the lessening of the perceived level of international pressure on the country. This trend would accelerate if the SARG does move forward in a meaningful way in the three areas Dardari highlighted as immediate priorities: subsidies, public sector and monetary reform. The specified reforms would also strengthen the argument of those calling for constructive engagement of this regime on the basis that it is committed to reform and only needs the assistance of the international community to successfully transform itself. As much as some members of the business community would like to believe otherwise, however, Dardari,s comments are a very modest beginning for such an ambitious undertaking.
SECHE